



City of Huntington Beach

2006-07 Property Tax Summary



The City of **Huntington Beach** experienced a net taxable value increase of **10%** for the 2006-07 tax roll, which was 3 percentage points higher than last years growth and 1 percentage point lower this year than the increase experienced countywide at 11.1%. The assessed value increase between 2005-06 and 2006-07 was \$2.3 billion. The growth attributed to the Assessor granted 2% CPI adjustment on properties that did not transfer ownership or add new construction values at \$442 million, accounted for 19% of all growth experienced in the City. Properties transferring for more than their assessed values added \$938 million in additional values to the new tax roll.

The largest assessed value increases were posted on 4 parcels owned by **Bella Terra Associates LLC** at 7777 Edinger Avenue. These properties were purchased from Huntington Center in 2005 and the value enrolled reflects the purchase price paid in the transaction for a collective increase of \$89.5 million. **Calresources LLC/Aera Energy** reported an increase of \$26.8 million between tax years after the assessor reviewed the values distributed between land and improvements. This owner has filed an appeal for value reductions for the 2006-07 tax year and the case has been scheduled for hearing. **Plains Exploration and Production** added \$10 million in the new tax year for a total value of \$67.4 million.

Of the top 40 largest value changes in the city for 2006 two were related to the application of exemptions prior to the release of the roll this year while the exemptions were applied late in 2005-06. This resulted in a temporary inflation in the over all value of the city last year however the exemptions were applied prior to the mailing to tax bills and the year to year change in revenue is zero. The two owners were **Hebrew Academy Properties** at 14401 Willow Lane with a reduction of \$8.7 million and **Seabreeze Community Church** on Gothard Street north of Lindborg Drive for a reduction of \$5.3 million.

Properties selling for more than the assessor's enrolled values continued to post gains through the end of the 2005 calendar year. In the first half of 2006 we have seen the number of sales Huntington Beach in 2006 was recorded at \$770,000 in comparison with \$749,000 in 2005.

Triple Flip/VLF Payment Dates

- Triple Flip Payments (sales tax in-lieu payments) are due to City from County ERAF account on or before January 31st and May 1st annually during the life of the State issued revenue recovery bonds. A true-up payment is to be made on or before the January 31, 2007 for the 2005-06 FY.
- VLF in lieu payments to City from the County ERAF account will be paid on or before January 31st and May 31st. This revenue source grows by gross assessed property values between tax years.
- Supplemental property tax VLF in lieu payments from the County ERAF account have been significantly higher than projected in many cities. We expect these revenues to flatten out considerably as the real estate market weakens.

2006-07 TAX SHIFT SUMMARY

ERAF I & II	-\$10,570,979.10
TRIPLE FLIP	\$7,013,842.00
TRIPLE FLIP TRUE-UP	-54,557.83
PTAX IN LIEU-VLF	\$13,270,891.00
To County ERAF	
From County ERAF	

APPEALS UPDATE

Assessment appeals activity in the City over the past 5 years has resulted in the removal of \$328,429,439 in assessed value from the tax roll. Many of those appeals were Prop 8 adjustments and some of those values have been recaptured by the Assessor. 24% of all appeals resolved since 2000 have been granted to date and historically, when approved, assessed values have been reduced by 25%. 113 appeals are still pending with an assessed value of \$572,073,120. The estimated tax loss exposure to the City and Agency based on prior experience is \$14,252 for the City and \$25,573 for the RDA.

TOP TAXPAYERS

Rank	Property Owner	City/Agency Revenue	% City/Agency	Use Code
1.	Mayer Financial Limited Partnership	\$1,847,021	3.59	Commercial
2.	Bella Terra Associates LLC	1,220,876	2.73	Vacant Land
3.	Boeing/McDonnell Douglas Corporation	408,227	0.79	Unsecured
4.	Waterfront Construction 1	386,617	0.75	Commercial
5.	Mullrock 1 Beach Pointe LLC	378,831	0.74	Commercial
6.	First Huntington Capital	326,161	0.63	Commercial
7.	Essex Huntington Breakers	303,825	0.59	Residential
8.	Pierside Pavilion LLC	276,943	0.54	Commercial
9.	Atlanta Huntington Beach LLC	247,075	0.48	Vacant Land
10	CIM Huntington LLC4	<u>196,428</u>	<u>0.38</u>	Commercial
	TOTAL	\$5,592,004	10.86%	

Real Estate Data

Summary of Southern California Counties



All Homes	Units Sold July-05	Units Sold July-06	Percentage Change	Median Price July-05	Median Price July-06	Percentage Change 2006	Percentage Change 2005
Los Angeles	10,711	8,040	-24.90%	\$488K	\$520K	6.60%	20.20%
Orange County	4,341	2,779	-36.00%	\$601K	\$639K	6.30%	14.50%
San Diego	4,765	3,370	-29.30%	\$496K	\$487K	-1.80%	5.10%
Riverside	5,762	4,420	-23.30%	\$385K	\$414K	7.50%	17.70%
San Bernardino	4,084	3,216	-21.30%	\$328K	\$366K	11.60%	27.60%
Ventura	1,406	887	-36.90%	\$579K	\$634K	9.50%	15.30%
So. California	31,069	22,712	-26.90%	\$469K	\$492K	4.90%	16.70%

Source: Dataquick Information Systems

Housing Market Update

California cities are cautioned to take a conservative approach to projecting 2007-08 property tax revenues. At the least, double digit growth cannot be expected to continue, and areas that experienced rapid growth in the last two years may see some declines in value.

Most real estate and mortgage experts are projecting home appreciation rates, which had been running at a double-digit annual pace, to return to a more normal 3% to 5% range. In markets that have experienced soaring price increases for a number of years or a high percentage of speculative investors and second homes purchased during the housing peak, there is a good chance that home values will decline. Regions with significant condominium conversions and new condominium development are also vulnerable to valuation declines.

The number of assessment appeals filed by property owners has dropped significantly in recent years. Los Angeles County recently reported that the total number of appeals filed in 2005 was 12,000. That's down from a high of 109,900 appeals filed in 1996. While this is good news for California cities, we can expect that assessment appeals activity will increase as the market cools.

Cities with a significant number of properties that have not transferred ownership since 1978 (Proposition 13) will be somewhat insulated from the downturn in the market. The assessed values for these properties are so far below today's market values that they will not qualify for assessment appeals reductions. In addition, communities with large numbers of pre-Prop 13 parcels will continue to enjoy growth when these properties transfer ownership and are reassessed at current market values.